

Budget Brief – Tax Motor Vehicle Division

NUMBER EDR-19-07

SUMMARY

The Division of Motor Vehicles administers statewide vehicle titling, registration, and related functions. It implements motor vehicle policies and procedures and helps maintain the State's motor vehicle computer system. It also provides training to all computer users, manages a telephone section for statewide assistance, and manages vehicle-related appeals. Additionally, the Division administers the International Registration Plan and the International Fuel Tax Administration Plan.

ISSUES AND RECOMMENDATIONS

Sunsetting of Electronic Payment Fees Statute

In November, the Government Operations Interim Committee unanimously voted to allow UCA 63-38a-105, *Electronic Revenue Collections*, to sunset on July 1, 2007. The statute authorizes state agencies to collect fee surcharges to cover the cost of electronic transactions such as credit card merchant fees, payment-portal charges, and on-line application development costs. The Fiscal Analyst suggests that provisions of the Budgetary Procedures Act govern changes to base fees charged by state agencies and provide sufficient legislative oversight of such fees in absence of UCA 63-38a-105. Electronic transaction fees for motor vehicle registrations, however, present a unique case because registration fees accrue to the Transportation fund. Since appropriations from the Transportation fund are capped, the Tax Commission will be unable to use collections to cover electronic transaction costs if electronic surcharges are included in the total registration fee. The Commission is seeking legislation during the 2007 General Session to address this unique case by allowing the continuation of the current electronic payment fee policies and procedures for motor vehicle and motor vehicle enforcement fees.

See Issue Brief GAA-07-002, *Electronic Transaction Fees*, for more details.

Increased Office Lease Costs

Lease costs are increasing for the South Jordan and Davis County Motor Vehicle offices. The building lease of the South Jordan Motor Vehicle office expires this year and the additional cost of leasing a larger building to accommodate the population the office serves is \$217,000. Construction and material costs for the Davis County office are higher than anticipated, translating into an increase in the office's lease of \$79,600.

Figure 1: Tax Commission - Tax Administration - Motor Vehicles - Budget History

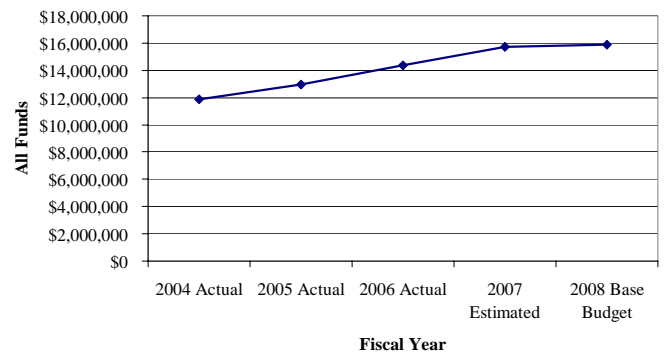


Figure 2: Tax Commission - Tax Administration - Motor Vehicles - FTE History

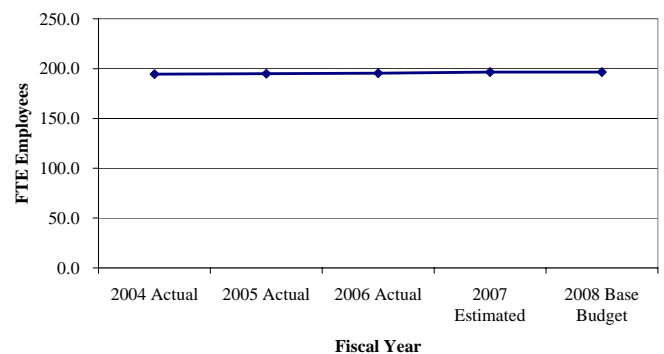
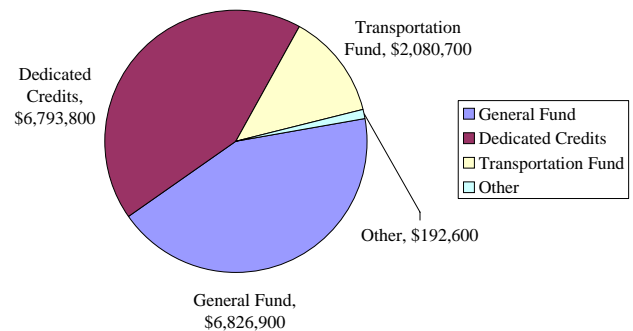


Figure 3: Tax Commission - Tax Administration - Motor Vehicles - FY 2008 Funding Mix



The Tax Commission has requested an ongoing General Fund appropriation of \$296,600 to cover these increased costs.

Technology Improvement

The Tax Commission has implemented a number of technology improvements over the past several years. A new motor vehicle system allows the online and immediate update of vehicle information. Additionally, The Salt Lake motor vehicle offices are now using an automated line management system to expedite traffic flow.

Contracting with County Governments

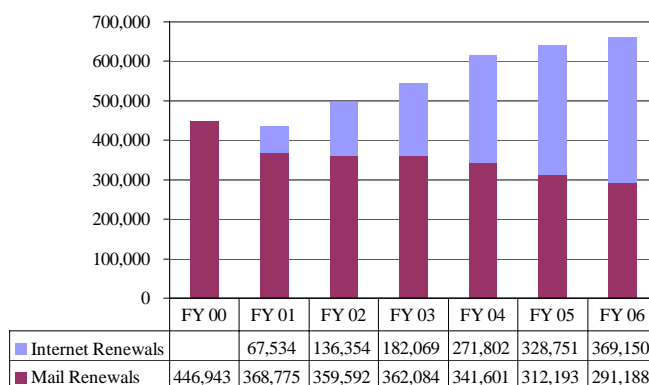
Under UCA 59-2-406, the Tax Commission may contract with county governments, at the counties' option, to provide local customer services for the combined collection of the county's fee-in-lieu and Title 41 Motor Vehicle Fees. The Division has contracts with 21 local governments and directly manages offices in 8 counties; in FY 2006 county-run transactions totaled about 19 percent of all motor vehicle transactions.

ACCOUNTABILITY DETAIL

In order to improve efficiency, the Division of Motor Vehicles seeks to encourage the use of electronic processing. The chart at the right shows success in this effort, with the number of renewals by internet surpassing renewals by mail in FY 2005.

The Analyst recommends that the Commission report at least one more outcome-based performance measure for the Division of Motor Vehicles during the 2007 Interim to the Legislative Fiscal Analyst for inclusion in the Compendium of Budget Information for the 2008 General Session.

Figure 4: Renewals by Mail and Internet



BUDGET DETAIL

The Division of Motor Vehicles is the largest program in the Administration line item, account for about 23 percent of the entire line item budget. Figures 1 through 3 on page 1 and the following table provide details for the Division's budget. In addition to the General Fund and Transportation Fund, dedicated credit revenue makes up a large portion of the Division's financing. The two largest dedicated credit sources are property assessment fees and electronic payment fees, which totaled about \$2.0 million and \$1.1 million, respectively, in FY 2006.

Tax Commission - Tax Administration - Motor Vehicles						
Sources of Finance	FY 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
General Fund	5,909,400	6,754,500	72,400	6,826,900	0	6,826,900
General Fund, One-time	0	(18,500)	0	(18,500)	18,500	0
Transportation Fund	2,080,700	2,080,700	0	2,080,700	0	2,080,700
Dedicated Credits Revenue	4,928,300	4,908,300	637,300	5,545,600	1,248,200	6,793,800
GFR - Sales and Use Tax Admin Fees	323,700	364,100	29,200	393,300	1,000	394,300
TFR - Uninsured Motorist I.D.	133,800	133,800	0	133,800	0	133,800
Beginning Nonlapsing	2,325,400	1,759,000	(448,200)	1,310,800	(738,200)	572,600
Closing Nonlapsing	(1,310,800)	(1,192,600)	620,000	(572,600)	(335,500)	(908,100)
Total	\$14,390,500	\$14,789,300	\$910,700	\$15,700,000	\$194,000	\$15,894,000
Programs						
Motor Vehicles	14,390,500	14,789,300	910,700	15,700,000	194,000	15,894,000
Total	\$14,390,500	\$14,789,300	\$910,700	\$15,700,000	\$194,000	\$15,894,000
Categories of Expenditure						
Personal Services	8,723,600	9,472,400	54,000	9,526,400	27,600	9,554,000
In-State Travel	17,200	15,000	3,000	18,000	0	18,000
Out of State Travel	11,300	7,000	2,000	9,000	0	9,000
Current Expense	5,495,800	5,175,700	831,700	6,007,400	166,400	6,173,800
DP Current Expense	142,600	119,200	20,000	139,200	0	139,200
Total	\$14,390,500	\$14,789,300	\$910,700	\$15,700,000	\$194,000	\$15,894,000
Other Data						
Budgeted FTE	195.5	196.5	0.0	196.5	0.0	196.5

LEGISLATIVE ACTION

The Analyst recommends the following budget action for the Division of Motor Vehicles:

- Adopt a base budget totaling \$15,894,000.

Actions requested by the Tax Commission are listed in Issue Brief GAA-07-001, *Tax Commission Budget Requests*.